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Summary record of the 22nd meeting
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Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.10 a.m.

Agenda item 118: Programme budget for the biennium 2008-2009 (*continued*)

Conditions of service and compensation for officials other than Secretariat officials: members of the International Court of Justice and judges and ad litem judges of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda (A/C.5/61/19; A/62/538/Add.2; A/63/570)

1. **Ms. Brzak-Metzler** (Office of Human Resources Management), introducing the report of the Secretary-General on conditions of service and compensation for members of the International Court of Justice and judges and ad litem judges of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda (A/62/538/Add.2), recalled that, in its resolution 61/262, the General Assembly had requested the Secretary-General to report to it on options for designing pension schemes for the Court and the Tribunals, including defined-benefit and defined-contribution schemes, taking into account the possibility of calculating pensions on the basis of the number of years served rather than the term of office of the individuals concerned.

2. Accordingly, the Secretary-General had commissioned a study from a consulting firm, Mercer Human Resource Consulting, which had concluded — as indicated in paragraph 14 of the report — that the current pension scheme provisions, including the basic target levels of benefits and the provision of death and disability benefits, were not unreasonable. However, some aspects of the pension schemes were inconsistent and in need of improvement. On the basis of the firm's findings and recommendations, analysed in paragraph 16 of the report, the Secretary-General had concluded that the study corroborated in technical terms most of the provisions of the current schemes approved by the General Assembly for the members of the Court and the judges of the Tribunals, and had made a number of recommendations, which were set out in paragraph 27 of the report.

3. The financial implications of the Secretary-General's recommendations, as set out in paragraph 29 of the report, dated from April 2008 and had since been revised. In the light of the re-election of members of the International Court of Justice whose current terms would expire on 5 February 2009, only three members would be retiring. Accordingly, the additional requirements for the biennium 2008-2009 in respect of the members of the International Court of Justice were $6,300 rather than $8,800. The biennial requirements subsequent to 2008-2009 were estimated at $82,000, assuming that all sitting members retired at the end of their current terms.

4. Recalling that the Security Council, in its resolutions 1824 (2008) and 1837 (2008), had extended the terms of the judges of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda to make trial proceedings more effective and help to implement the Tribunals' completion strategies, she said that the report of the Secretary-General had not foreseen those term extensions. The latest information indicated that the Secretary-General's recommendations regarding the Tribunals would have no financial implications for the biennium 2008-2009.

5. Finally, recalling that the General Assembly, in its resolutions 56/285 and 59/282, had decided to review the conditions of service of members of the Court and judges and ad litem judges of the Tribunals at its fifty-ninth and sixty-first sessions, she indicated that, should the General Assembly decide to revert to a three-year review cycle, the next such review would take place at the sixty-fifth session, in 2010.

6. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/63/570), recalled that, in April 2008, the General Assembly had approved the annual remuneration of members of the Court and judges of the Tribunals at a base salary of $158,000 plus post adjustment. As a result of the change in the basis for the calculation of pensions from $170,080 to $158,000, the pension benefits would be decreased accordingly. In overall terms, the Advisory Committee supported the proposals made by the Secretary-General in that connection.

7. However, the Advisory Committee did not recommend approval of the Secretary-General's proposal to base the retirement benefit of members of the Court and judges of the Tribunals on 55 per cent of the annual net base salary, excluding post adjustment, assuming completion of a period of service of nine years. It recommended instead that the benefit in

question should continue to be based on salaries and should be 50 per cent of the annual net base salary, excluding post adjustment, or $85,040, whichever amount was higher, assuming completion of a period of service of nine years.

8. The Advisory Committee also did not support the recommendation to increase the maximum pension from two thirds to three fourths of annual net base salary, excluding post adjustment. It took the view that the current maximum level, at two thirds of annual net base salary, provided adequate recognition of service beyond nine years, particularly considering that the pension schemes for members of the Court and judges of the Tribunals were non-contributory.

9. As the representative of the Office of Human Resources Management had pointed out, the financial implications of the Secretary-General's proposals regarding members of the Court had been revised downward from $8,800 to $6,300, and the Secretary-General's proposals regarding judges of the Tribunals would have no financial implications for the biennium 2008-2009. Should the General Assembly approve the Advisory Committee's recommendations, there would be reductions in the financial implications for the biennium 2008-2009 resulting from changes in the pension scheme for the members of the Court. Revised estimates of programme budget implications would need to be provided to the General Assembly, and the related resource requirements should be reflected in the context of the relevant performance report for the biennium 2008- 2009.

10. **The Chairman** drew the Committee's attention to a letter dated 6 March 2007 from the Secretary-General addressed to the President of the General Assembly, transmitting a request from the Registrar of the International Criminal Court (A/C.5/61/19).

11. **Mr. Hunte** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that, as the members of the International Court of Justice and the judges of the International Tribunal for the Former Yugoslavia and the International Criminal Tribunal for Rwanda fulfilled extremely important functions, they should receive a compensation package commensurate with their status and responsibilities. The Group supported the key principles, enshrined in the statutes of the Court and the Tribunals, that the General Assembly should determine the salaries and allowances of the members of the Court and the judges of the Tribunals, and that those salaries and allowances should not be decreased during the term of office of the individuals concerned. There should be equity in benefits between the members of the Court and the judges of the Tribunals, and the General Assembly should provide the Tribunals with the support necessary for completion of their mandates.

12. The Group regretted that the Secretary-General's recommendations were based on an analysis by a consulting firm, as it believed that in-house expertise would have been sufficient. With regard to pension arrangements, it agreed with the Secretary-General that members of the Court and judges of the Tribunals who fulfilled the eligibility criteria relating to retirement age and length of service should receive adequate after-service benefits, based on the premise that pension benefits, as replacement income, maintained a standard of living.

13. The Group would work to find a solution that respected the statutes of the Court and the Tribunals, remained non-contributory, was determined by years of service and ensured that current pension levels for serving members of the Court and judges of the Tribunals, and for current pension recipients, were not reduced. Any decisions regarding pension arrangements for members of the Court and judges of the Tribunals should not constitute a precedent for any other category of judges in the United Nations system.

14. **Mr. Repasch** (United States of America) said that, while the Secretary-General's report was comprehensive and informative, due note should be taken of the observations made by the Advisory Committee in paragraph 3 of its related report (A/63/570) regarding the proposal of only one option and reliance on an outside consultant. He would like to know why the Secretariat had not sought the views of bodies such as the International Civil Service Commission or the United Nations Joint Staff Pension Fund, why it believed that no relevant internal expertise was available and how much the consulting firm involved had been paid.

15. He also wondered by what standards the consulting firm had judged the current defined-benefit pension arrangements to be not unreasonable, as indicated in paragraph 14 (e) of the Secretary-General's report, and whether the firm had had access to data with which to make a comparison, bearing in mind the unique nature of the Tribunals. As his

delegation had observed during the Committee's discussion of the United Nations Joint Staff Pension Fund earlier in the sixty-third session, there was a global trend away from defined-benefit pension schemes towards defined-contribution schemes, which were portable and reduced employing organizations' liabilities. He therefore wondered why the Organization was going against the trend and advocating an old approach.

16. **Mr. Kovalenko** (Russian Federation) requested that the report of the consulting firm should be circulated. He also asked the Secretariat to explain the basis for recommending the retention of a non-contributory pension scheme for the Court and the Tribunals.

17. **Ms. Brzak-Metzler** (Office of Human Resources Management) said that the General Assembly's request for an examination of a variety of pension schemes had led the Secretary-General to seek out varied sources of advice, including individuals and consultancies; eventually, he had opted for the consulting firm in question. In addition, a wide range of information had been required because the members of the Court and the judges of the Tribunals were not United Nations staff members. The study conducted in the mid-1990s had also been commissioned from an outside source. The consulting firm had charged $40,000 for the study.

18. The information obtained by the consulting firm from national judiciaries and courts such as the supreme courts of Canada, Japan, the United Kingdom and the United States of America had confirmed that most had pension schemes that were non-contributory, were based on years of service, and paid pensions at a level of between 50 per cent and 100 per cent of salary. The consulting firm's study contained views similar to those expressed in the study commissioned in the mid-1990s and took account of a number of factors, including the generally older age of the members of the Court and the judges of the Tribunals. That information could be made available to the Committee. The recommendation that the pension arrangements should remain non-contributory was based on the finding that such arrangements were typical in national courts. Consequently, the type of scheme approved by the General Assembly and renewed periodically since the late 1940s had been found to be still current. She would return to the Committee on the matter of providing the consultants' report.

19. **Mr. Kovalenko** (Russian Federation) said that he wished to reiterate the importance of making the consultants' report available to the Committee, which would otherwise have difficulty in considering the issue properly.

20. **The Chairman** said that the Secretariat had taken note of the request of the representative of the Russian Federation.

Contingent liability reserve for the United Nations Postal Administration (A/63/320 and A/63/568)

Revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its substantive session of 2008 (A/63/371 and A/63/567)

21. **Ms. Wong** (Programme Planning and Budget Division), introducing the report of the Secretary-General on a contingent liability reserve for the United Nations Postal Administration (A/63/320), recalled that, in section XIV of its resolution 62/238, the General Assembly had decided to consider the establishment of a reserve to eliminate the risk posed to the United Nations Postal Administration by the use of its services for commercial and bulk mail, based, inter alia, on updated information to be provided by the Secretary-General at its sixty-third session.

22. The report indicated that the Organization had made no provision for the contingent liability represented by postage stamps that had been sold out but not presented for mailing. An estimated 87 per cent of the Postal Administration's income derived from stamps issued over the previous 20 years constituted such a liability, as it was theoretically possible for such stamps to be presented for mailing at any time. The likelihood that collectors would use previously issued stamps was very low. The only risk identified was the use of stamps issued by the Postal Administration by commercial bulk mailers. While the Postal Administration had honoured stamps so used in the past, the Secretary-General had succeeded in eliminating all bulk mail consignments at United Nations Headquarters with effect from 1 September 2007. Since then, no bulk mail had been presented to, or accepted by, the Postal Administration.

23. The problem did not arise at the other issuing duty stations, Geneva and Vienna, because of measures previously established, as well as the change from Austrian schilling-denominated stamps to euro-

denominated stamps. As a result of those successful measures, the Secretary-General did not currently recommend the establishment of a contingent liability reserve, and advocated continuing the existing practice of meeting from current income any additional expenditure incurred for postage from sales recorded in prior periods.

24. Introducing the report of the Secretary-General on revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its substantive session of 2008 (A/63/371), she indicated estimated regular budget expenditure requirements of $425,500, all of which could be absorbed within the resources for the biennium. The expenditure requirements resulting from the adoption of Council decision 2008/247 related to the preparation of the high-level segment of the fifty-second session of the Commission on Narcotic Drugs and the follow-up to the twentieth special session of the General Assembly, and fell under section 2, General Assembly and Economic and Social Council affairs and conference management. The requirements for 2010-2011 would be considered in the context of the proposed programme budget for that biennium. Additional requirements resulting from Council decisions 2008/234, 2008/245, 2008/247, 2008/249 and 2008/250 would be met from extrabudgetary resources. The adoption of Council decisions 2008/247 and 2008/234 required modification of the approved programme of work at the level of planned outputs under section 16, International drug control, crime and terrorism prevention and criminal justice, and section 18, Economic and social development in Asia and the Pacific, of the programme budget for the biennium 2008-2009. The recommendations of the Secretary-General were detailed in paragraphs 32 and 33 of the report.

25. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's report on a contingent liability reserve for the United Nations Postal Administration (A/63/568), said that the Advisory Committee recommended that the General Assembly should take note of the Secretary-General's report. It had noted the positive effect of the measures to eliminate bulk mail on the profitability of the Postal Administration and was pleased at the proactive measures the latter had taken to lessen the immediate need to establish a contingent liability reserve.

26. Introducing the report of the Advisory Committee on revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its substantive session of 2008 (A/63/567), she said that the Advisory Committee had noted the additional expenditure requirements arising from the resolutions and decisions in question, and the fact that the Secretary-General expected that the amount concerned could be absorbed within the level of funding already approved for 2008-2009. The Advisory Committee had no objection to the recommendations made in paragraphs 32 and 33 of the report of the Secretary-General (A/63/371).

27. **Mr. Hunte** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, said that the Group had noted that the Postal Administration policy restricting large consignments of mail, combined with a streamlining of operations and restructuring of staff resources, had further reduced the estimated contingent liability for stamps sold in prior periods, and had improved profits in the biennium 2006-2007.

28. While the Secretary-General had indicated in his report that all possible alternatives to establishing a contingent liability reserve had already been implemented, the Group noted that, until a trend emerged from the operation of the new policy, it would be difficult to estimate the level of contingent liability and to determine whether new measures should be adopted.

29. The Group reiterated its belief in the merits of establishing a contingent liability reserve. Once the appropriate level had been determined, it would request the Secretary-General to explore the feasibility of any initiative to establish such a fund gradually and in full compliance with the relevant accounting standards. In addition, it felt that the sale of stamps should continue at another location in New York while the Headquarters complex was affected by the construction phase of the capital master plan.

30. With regard to the revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its substantive session of 2008, the Group shared the Advisory Committee's view that the recommendations in paragraphs 32 and 33 of the report of the Secretary-General were appropriate.

31. **Mr. Repasch** (United States of America) expressed appreciation for the measures undertaken by

the Secretariat to reduce the contingent liability for sold but as yet unused United Nations stamps.

32. According to paragraph 4 of the Advisory Committee's report (A/63/568), the Postal Administration had reported a net profit of $1.5 million for the biennium 2006-2007. He wondered whether that figure included any expenses for contingent liability and requested an update on the Postal Administration's net income picture for 2008.

33. In paragraph 6 of its report, the Advisory Committee requested the Secretary-General to ensure that United Nations stamps could continue to be sold in New York during the construction phase of the capital master plan. He wondered whether measures to that effect were really necessary, since stamps could always be bought on the Internet. He asked whether the Postal Administration had considered other ways of selling stamps, such as from a stamp vending machine. The installation of such a machine would reduce staffing costs and ensure that stamps were available 24 hours a day.

34. He asked the Secretariat to explain what was meant by "value-added" stamps (paragraph 8 of the Advisory Committee's report). Lastly, he asked the Secretariat to give its candid view of the Postal Administration's future prospects.

35. **Mr. Bronner** (Chief, Commercial Activities Service, Office of Central Support Services) said that the Postal Administration's reported net profit for the biennium 2006-2007 did not include provisions for contingent liability, since no such provisions had been made. The Postal Administration had made a profit of approximately $800,000 between 1 January and 31 August 2008 and was expected to make a profit of at least $1 million for the biennium 2008-2009.

36. With regard to the possibility of installing stamp vending machines, he said that the bulk of the Postal Administration's sales were of philatelic products, i.e. mint stamps suitable for collection. Such products were not generally intended for mailing and could not really be sold in vending machines. Stamps for mailing were provided by the United Nations Post Office, which was operated by the United States Postal Service. The General Assembly Building, the current location of the Postal Administration's sales counter, was expected to be affected most by the capital master plan from 2011 to 2013; discussions were under way with a view to establishing a temporary Postal Administration/Department of Public Information sales counter during that time, possibly in the North Lawn building. The visitors' area in the General Assembly Building was expected to remain open, and the current postal desk to operate normally, until mid-2011.

37. "Value-added" stamps carried two values: the mailing value plus an additional amount that was collected for a special purpose. One such stamp had been issued to date, in support of the Joint United Nations Programme on HIV/AIDS (UNAIDS). While the Secretariat would consider the idea of issuing a value-added stamp in order to address the issue of contingent liability, it made more sense to set aside a specific amount for that purpose. Value-added stamps were difficult to administer and were not well regarded by stamp collectors, who were, after all, the Postal Administration's main customers.

38. Lastly, with regard to the Postal Administration's future prospects, he said that sales had been strong until the 1970s, but had declined in the 1980s and 1990s. As a result of various initiatives by the Postal Administration, however, the current outlook was good. A reduced programme of issuances had increased the desirability of United Nations stamps among collectors; most issuances sold out soon after they were published. Stamps had been issued on such popular themes as sport for peace, climate change and endangered species, as well as the flag and coin series. Future issuances would include the extremely popular United Nations Educational, Scientific and Cultural Organization (UNESCO) world heritage series. Personalized stamp sheets were also very popular; the product was expected to be expanded in the future. The Postal Administration's e-commerce website had been established and was performing well. Moreover, the philatelic market, though reduced, had stabilized and the expansion of promotional activities was proving very successful. He had no doubt, therefore, that the Postal Administration would continue to operate sustainably in the future.

The meeting rose at 11 a.m.